V

A LEVY ON CAPITAL

January, 1918

The Objects of the Levy—Its Origin and History—How it would work in Practice—The Attitude of the Chancellor—The Effects of the Scheme in discouraging Thrift—Its Fallacies and Injustices—The Insuperable Obstacles to its Application—Its Influence on Production—One of the Tests of a Tax—Judged by this Test the Proposed Levy is doomed.

BY some curious mental process the idea of a levy on capital has come into rapidly increasing prominence in the last few months, and seems to be gaining popularity in quarters where one would least expect it. On the other hand, it is naturally arousing intense opposition, both among those who would be most closely affected by its imposition, and also among those who view with grave concern the possible and probable economic effects of such a system of dealing with the national debt. I say "dealing with the national debt" because, as will be clear, as a system of raising money for the war the suggestion of the levy on capital has little or nothing to recommend it. But, as will also be made clear, the proposal has been put forward as a thing to be done immediately in order to increase the funds in the hands of the Chancellor of the Exchequer to be spent on war purposes.